

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE MEADE COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	
REPLACE WATER MAIN IN THE CITY OF)	CASE NO.
EKRON, EXTEND WATER SERVICE TO)	2003-00402
UNSERVED AREAS AND INSTALL A)	
WHOLESALE METER AND CONTROL VALVE)	
VAULTS)	

O R D E R

On October 23, 2003, Meade County Water District ("Meade District") applied to the Commission for a Certificate of Public Convenience and Necessity ("Certificate") to construct a waterworks improvement project. Although its proposed plan of financing includes a loan from the Kentucky Infrastructure Authority ("KIA"), Meade District did not request Commission approval of its financing; therefore, the application did not meet the minimum filing requirements contained in Administrative Regulation 807 KAR 5:001, Section 11.

On December 18, 2003, Meade District cured all of its filing deficiencies except for the provision of Administrative Regulation 807 KAR 5:001, Section 6, requiring that, "[w]henever in these rules it is provided that a financial exhibit shall be annexed to the application, the said exhibit shall cover operations for a twelve (12) month period, said period ending not more than ninety (90) days prior to the date the application is filed." In its filing of December 18, 2003, Meade District filed a motion requesting a deviation from that requirement in accordance with Section 14 of that regulation.

In support of its request, Meade District states that it does not have the time required to produce an updated balance sheet and income statement. According to Meade District favorable bids were received on July 30, 2003 and the 90-day bid hold period will expire on December 29, 2003. Meade District argues that if the contracts are not awarded it will be forced to re-bid the project, which could result in a substantial increase in construction costs. Having considered Meade District's requested deviation, the Commission has determined that good cause for granting the deviation has been presented, and that there is sufficient financial information in the record for it to render a decision regarding the proposed KIA loan.

The total cost of Meade District's waterworks improvement project is \$919,760. The proposed project consists of the installation of approximately 7.3 miles of 4-inch through 10-inch water mains, a 4-inch turbine master meter,¹ a control valve, an altitude valve, telemetry controls, and related appurtenances. This project will provide a reliable source of water to the city of Ekron, eliminate an existing pump station and will potentially serve 120 new customers.

Meade District proposes to fund its waterworks improvement project with a \$100,000 grant appropriated by House Bill 502, Grant No. 538, a \$250,000 grant appropriated by House Bill 269, Grant No. WX21163003, a \$175,000 KIA Water 2020 Grant, and a \$394,760 KIA Fund 'F' loan. The proposed KIA loan will have a 20-year term with an interest rate of 3 percent per annum.

¹ In its December 5, 2003 filing, Meade District amended its application to install a turbine meter in place of the magnetic flow meter for wholesale purchase from the Hardin County Water District No. 1.

After reviewing the evidence of the record and being otherwise sufficiently advised, the Commission finds that:

1. The proposed construction consists of the installation of approximately 7.3 miles of 4-inch through 10-inch water mains, a 4-inch turbine master meter, a control valve, an altitude valve, telemetry controls, and related appurtenances.

2. Plans and specifications for the proposed waterworks improvement project were prepared by Quest Engineers, Inc. of Louisville, Kentucky, and have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

3. Public convenience and necessity require that the construction proposed be performed and that a Certificate be granted.

4. After allowances for fees, contingencies, and other indirect costs, the total project cost is approximately \$919,760.

5. Meade District should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

6. Meade District should file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

7. Meade District should require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky licensure, competent in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

8. Meade District should notify the Commission, in writing, one week prior to the start of construction and after 50 percent completion.

9. Meade District shall provide approved shop drawings of the proposed turbine flow meter.

10. Meade District's proposal to obtain the KIA loan as described herein to finance its proposed waterworks improvement project is for a lawful object within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Meade District's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.

2. Meade District is granted a Certificate to proceed with the proposed waterworks improvement project.

3. Meade District shall comply with the requirements contained in Findings 5 through 9 as if the same were individually so ordered.

4. Meade District is authorized to borrow an amount not to exceed \$394,760 from the KIA at an interest rate of 3 percent per annum.

5. Meade District shall, within 30 days of executing the agreement for the proposed KIA loan, file with the Commission a statement setting forth the date of the loan, the actual initial interest rates, and the actual principal amount.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 6th day of January, 2004.

By the Commission

ATTEST:


Executive Director